Risks Associated with a LIBOR Based Variable-to-Fixed Swap:

(General Obligation Bonds, Series of 2002)

refunding bonds (the "Bonds"). If the percentage of 3-Month LIBOR rate received by the City is lower than the lower than the variable rate paid by the City to bondholders in connection with its potential future variable rate Basis Risk / Interest Rate Risk — is the risk that interest rates move such that the percentage of the 3-Month LIBOR rate received by the City is variable rate the City is paying to its bondholders of the Bonds the City would not have an effective hedge.

cause a reduction or elimination of the benefits of issuing tax-exempt debt and, in this event, the percentage of the taxable (3-Month is the risk that the tax laws change (such as adoption of a National Flat Tax or a reduction in the marginal income tax rates) would LIBOR) market most likely would not correlate to the tax-exempt market (SIFMA Index) on the same historic basis and the estimated benefit to the City would be significantly reduced or eliminated

Counterparty Risk - is the risk that the counterparty will not perform or default on their swap payments under the interest rate swap agreement to

<u>Termination Risk</u> – is the risk that the City decides to terminate the Swap or a termination event occurs and the City is obligated to terminate the Swap and market conditions are such that the City is "out of the money." In an "out of the money," scenario the City would have to make a termination payment to the counterparty to terminate the Swap which could be significant. Liquidity (Issuance) Risk - is the risk that when the City cannot obtain or continue a letter of credit or insurance and a liquidity facility to secure facility in the future the Bondholders may be forced to tender their Bonds for purchase in which case the City may the payments on the Bonds. If the City cannot obtain or continue a letter of credit or insurance and a liquidity be forced either retire or refund the Bonds.

SCHEDULE VI

TERMINATION VALUES OF THE PROPOSED INTEREST RATE MANAGEMENT AGREEMENT

CITY OF READING, PENNSYLVANIA

CALCULATION OF POTENTIAL TERMINATION PRICE

2002 Swaption

		Calculation	of the Projected 7	ermination Price	at Bond Year Calc	ulation Date			
Valuation Date	Remaining Term (Years)	Market Rato	Market Role	Market Rate	Swap at	Market Rate	Market Rate	Market Rate	Estimated Outstanding Swap Notional Amount
		-75 Basis Paints	-50 Basis Points	-25 Basis Points	Execution	+25 Basis Points	+50 Basis Points	+75 Basis Points	
15-Nov-09	10	(6,097,651.46)	(4,494,378.62)	(2,928,941.29)	(1,400,416.45)	92,096.00	1,549,473.78	2,972,572.85	18,595,000
15-Nov-10	9	(5,546,351.01)	(4,092,761.91)	(2,670,270.15)	(1,278,189.06)	84,152.62	1,417,411.03	2,722,227.58	18,595,000
15-Nov-11	8	(4,982,811.84)	(3,681,203.79)	(2,404,533.91)	(1,152,309.69)	75,951.49	1,280,722.51	2,462,466.78	18,595,000
15-Nov-12	7	(4,195,533.76)	(3,103,223.20)	(2,029,368,92)	(973,649.82)	64,249.52	1,084,638,93	2,087,822.75	18,595,000
15-Nov-13	6	(3,447,217.34)	(2,552,754.55)	(1,671,354.68)	(802,821.42)	53,038.54	896,415.56	1,727,497.08	18,595,000
15-Nov-14	5	(2,735,859.62)	(2,028,397.12)	(1,329,623.70)	(639,429.55)	42,293.77	715,653.27	1,380,754.59	16,565,000
15-Nov-15	4	(2,087,975.93)	(1,549,914.10)	(1,017,195.03)	(489,764.03)	32,433.00	549,449.59	1,061,338.73	14,125,000
15-Nov-16	3	(1,481,964.18)	(1,101,404.89)	(723,717.49)	(348,879.55)	23,131.18	392,336.77	758,759.09	11,520,000
15-Nov-17	2	(932,196.54)	(693,662.35)	(456,352.36)	(220,259.99)	14,621.29	248,297.96	480,776.49	8,400,000
15-Nov-18	1	(291,056.07)	(216,846.70)	(142,836.68)	(69,025.41)	4,587.67	78,003.15	151,221.59	4,880,000
15-Nov-19	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,440,000

APPENDIX II

Form of 2009 Confirmation

WACHOVIA

AMENDED AND RESTATED SWAP TRANSACTION CONFIRMATION

Date:

February 03, 2009

To:

City of Reading, PA ("Counterparty")

Address:

815 Washington St.

Reading PA

19601-3690 USA

Fax:

615-655-6427

Attention:

Tammie Kipp

From:

Wachovia Bank, N.A. ("Wachovia")

Ref. No.

DRAFT

Dear Tammie Kipp:

Reference is made that certain Confirmation dated March 18, 2005 between the Counterparty and Wachovia regarding a Transaction with a Wachovia reference number of 1080633, a Trade Date of March 04, 2005 an Effective Date of May 15, 2012, and a Termination Date of November 15, 2019 ("Prior Confirmation"). This Confirmation amends and restates the Prior Confirmation.

This confirms the terms of the Transaction described below between Counterparty and Wachovia. The definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern. Fixed Amounts and Floating Amounts for each applicable Payment Date hereunder will be calculated in accordance with the ISDA Definitions, and if any Fixed Amount and Floating Amount are due for the same Payment Date hereunder, then those amounts shall not be payable and instead the Fixed Rate Payer shall pay the positive difference, if any, between the Fixed Amount and the Floating Amount, and the Floating Rate Payer shall pay the positive difference, if any, between the Floating Amount and the Fixed Amount. This Confirmation amends, restates and replaces any prior Confirmation of this Transaction.

The Transaction to which this Confirmation relates is a Swaption, the terms of which are as follows:

1. Swaption Terms:

Trade Date:

March 04, 2005

Option Style:

European

Seller: Buyer: Counterparty Wachovia

Premium:

USD 343.700.00

Premium Payment Date:

March 18, 2005

Exercise Business Days:

New York

2. Procedure for Exercise:

Expiration Date:

February 15, 2012

Earliest Exercise Time:

9:00 a.m. New York time

Expiration Time:

11:00 a.m. New York time

Partial Exercise: Automatic Exercise: Inapplicable Inapplicable

Fallback Exercise:

Applicable

Written Confirmation:

Applicable as provided in Section 12.2 of the ISDA Definitions.

3. Settlement Terms:

Settlement:

Physical

4. The terms of the particular Underlying Swap Transaction to which this Swaption relates are as follows:

Wachovia: DRAFT

Transaction Type:

Interest Rate Swap

Currency for Payments:

U.S. Dollars

Notional Amount:

For a Calculation Period, the amount set forth opposite that Calculation Period on

Attachment I hereto

Term:

Trade Date:

March 04, 2005

Effective Date:

May 15, 2012. The Effective Date is the first day of the first Calculation Period.

However, the rights and obligations of both parties under this Transaction are in effect

as of the Trade Date.

Termination Date:

November 15, 2019

Fixed Amounts:

Fixed Rate Payer:

Counterparty

Period End Dates:

Annually on the 15th of each November commencing November 15, 2012, through

and including the Termination Date; No Adjustment.

Payment Dates:

Annually on the 15th of each November commencing November 15, 2012, through

and including the Termination Date.

Business Day Convention:

Business Day:

Following New York

Fixed Rate:

5.097%

Fixed Rate Day Count

Fraction:

30/360

Floating Amounts:

Floating Rate Payer:

Wachovia

Period End Dates:

Monthly on the 15th of each month, commencing June 15, 2012, through and

including the Termination Date; No Adjustment.

Payment Dates:

Monthly on the 15th of each month, commencing June 15, 2012, through and

including the Termination Date.

Business Day Convention:

Business Day:

Following New York

Spread:

Inapplicable

Floating Rate Day Count

Fraction:

Actual/Actual

Method of Averaging:

Weighted Average

Compounding:

Inapplicable

Rounding convention:

5 decimal places per the ISDA Definitions.

Floating Rate Option:

XXX.XX% USD-LIBOR-BBA, provided that for purposes of this Transaction the definition of USD-LIBOR-BBA appearing in the ISDA Definition, is amended by replacing the words "the day that is two London Banking Days preceding" with the words "the day that is one London Banking Day preceding". This means that USD-LIBOR-BBA for any Reset Date will be set one London Banking Day prior to that

Reset Date rather than two London Banking Days prior to that Reset Date.

Designated Maturity:

Reset Dates:

For a Calculation Period, the Reset Dates shall be each Thursday in the Calculation Period, provided that for the first Calculation Period, the Effective Date of this Transaction shall also be included as a Reset Date. Reset Dates shall be subject to adjustment in accordance with the Following Business Day Convention.

5. The additional provisions of this Confirmation are as follows:

Calculation Agent:

As per the Master Agreement

Payment Instructions:

Wachovia Bank, N.A. CIB Group, ABA 053000219

Ref: Derivative Desk (Trade No: DRAFT)

Wachovia Contacts:

Account #: 04659360006116 Settlements and/or Rate Resets:

Tel: (800) 249-3865 Fax: (704) 383-9139

Documentation: Tel: (704) 383-4599 Fax: (704) 383-9139

Collateral:

Tel: (704) 383-9529

Payments to Counterparty:

Please quote transaction reference number.
Please provide written payment instructions.
Wachovia will make no payments until
written payment instructions are received.
Phone: 1-800-249-3865 Fax: 1-704-383-8429

Insurer Provisions:

The following provisions shall apply to any Transactions for which a financial guaranty insurance policy (the "Swap Policy") has been issued by Financial Security Assurance Inc. (the "Swap Insurer"), for the account of Counterparty, as principal, and Wachovia, as beneficiary, (the "Insured Transactions"), including the Transaction to which this Confirmation relates.

- (i) <u>Designation of Early Termination Date</u>. Notwithstanding anything to the contrary in Section 6 of the Master Agreement, if any:
 - (A) Event of Default in respect of any Insured Transaction under the Master Agreement occurs; or
 - (B) Termination Event in respect of any Insured Transaction under the Master Agreement occurs;

then, in either such case, neither Wachovia nor Counterparty shall designate an Early Termination Date in respect of any such Insured Transaction unless:

- (W) Either (a) the reduction of the financial strength rating or claims paying rating of Swap Insurer is below a rating of:
 - A- by Standard & Poor's Rating Service ("S&P"); or
 - (ii) A3 by Moody's Investor's Service Inc. (Moody's); or
- (b) the withdrawal or suspension by either S&P or Moody's (together referred to herein as the "Rating Agencies") of a rating in respect of the financial strength rating or the claims paying rating of Swap Insurer and such rating is not reinstated within 30 business days;
- (X) The Swap Insurer has failed to pay any payment when due to Wachovia under the terms and conditions of the Swap Policy and such failure continues at the time of designation of Early Termination Date; or,
- (Y) The Swap Insurer has otherwise consented in writing to such designation.

Notwithstanding anything in the Master Agreement, if any Event of Default under the Master Agreement occurs, with Counterparty as the Defaulting Party, then the Swap Insurer (so long as it has not failed to pay any payment over to Wachovia under the terms and conditions of the Swap Policy), shall have the right (but not the obligation) upon notice to Wachovia to designate an Early Termination Date with respect to Counterparty with the same

effect as if such designation were made by Wachovia. For purposes of the foregoing sentence, an Event of Default with respect to Counterparty shall be considered to be continuing, notwithstanding any payment by the Swap Insurer under the Swap Policy. Wachovia and Counterparty acknowledge that, except as the Swap Policy may be otherwise endorsed, unless the Swap Insurer designates an Early Termination Date (as opposed to merely consenting to such designation by one of the parties) Settlement Amounts due from Counterparty because an Early Termination Date has been designated will not be insured.

Notwithstanding anything to the contrary in Section 6(a) or 6(b) of the Master Agreement, Counterparty shall not designate an Early Termination Date pursuant to the Master Agreement without the prior written consent of the Insurer, provided, however, that Counterparty shall have the right to designate an Early Termination Date without the prior written consent of the Insurer if Counterparty will not be obligated to pay a Settlement Amount in connection with such Early Termination or Counterparty demonstrates that it has funds available to pay any Settlement Amount due upon such Early Termination.

- (ii) No suspension of payments. Notwithstanding Section 2(a)(iii) of the Master Agreement, Wachovia shall not suspend any payments due under an Insured Transaction under Section 2(a)(iii) unless the Swap Insurer is in default in respect of any payment obligations under the Swap Policy.
- (iii) <u>Representations and agreements</u>. Each party agrees that each of its representations and agreements in the Master Agreement is expressly made to and for the benefit of the Swap Insurer.
- (iv) Third-party beneficiary. Wachovia and Counterparty hereby each acknowledge and agree that Swap Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of the Master Agreement and this Confirmation and the obligations of such party under any Insured Transaction, and as such, entitled to enforce the Agreement and the terms of any such Insured Transaction against such party on its own behalf and/or on behalf of the holders of the related Bonds and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Swap Insurer including, but not limited to, fees (including professional fees), costs and expenses incurred by Swap Insurer which are related to, or resulting from any breach by such party of its obligations hereunder.
- (v) Policy coverage. Wachovia and Counterparty hereby each acknowledge and agree that Swap Insurer's obligation with respect to Insured Transactions shall be limited to the terms of the Swap Policy. Notwithstanding Section 2
 (e) or any other provision of the Master Agreement, Swap Insurer shall not have any obligation to pay interest on any amount payable by Counterparty under the Master Agreement or this Confirmation.
- (vi) Subrogation. Wachovia and Counterparty hereby acknowledge that to the extent of payments made by Swap Insurer to Wachovia under the Swap Policy, Swap Insurer shall be fully subrogated to the rights of Wachovia against Counterparty under the Insured Transaction to which such payments relate, including, but not limited to, the right to receive payment from Counterparty and the enforcement of any remedies. Wachovia hereby agrees to assign to Swap Insurer its right to receive payment from Counterparty under any Insured Transaction to the extent of any payment thereunder by Swap Insurer to Wachovia. Counterparty hereby acknowledges and consents to the assignment by Wachovia to Swap Insurer of any rights and remedies that Wachovia has under any Insured Transaction or any other document executed in connection herewith.
- (vii) Isolation of Insured Transactions in designating an Early Termination Date. Notwithstanding Section 6 of the Master Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by Swap Insurer or by Wachovia shall apply only to the Insured Transactions and not to any other Transaction under the Master Agreement, unless Wachovia shall also have designated an Early Termination Date in respect of such other Transaction. Nothing contained in this paragraph shall affect the rights of Wachovia under the Master Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which designation shall not apply to the Insured Transactions unless expressly provided in such designation and unless Swap Insurer shall have designated, or consented to the designation by Wachovia of, an Early Termination Date in respect of the Insured Transactions in accordance with paragraph (i) above.
- (viii) No netting. Notwithstanding Section 2(c) of the Master Agreement, in no event shall either Wachovia or

Counterparty be entitled to net its payment obligations in respect of the Insured Transactions against the payment obligations of the other party in respect of other Transactions under the Master Agreement if such Transactions are not Insured Transactions, nor may either Wachovia or Counterparty net the payment obligations of the other party under Transactions that are not Insured Transactions against the payment obligations of such party under Insured Transactions, it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other Transactions. Section 6(e) of the Master Agreement shall apply to all Insured Transactions with the same effect as if the Insured Transactions constituted a single master agreement. Notwithstanding Section 6(e) of the Master Agreement, the amount payable under Section 6 (e) of the Master Agreement upon the termination of any Insured Transaction shall be determined without regard to any Transactions other than the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other Transactions unless otherwise specified in such other Transaction and agreed to in writing by Swap Insurer. Netting of payments by Wachovia and Counterparty shall be permitted across all Transactions for which Financial Security Assurance Inc. is the Swap Insurer.

- (ix) No set-off or counterclaim. In no event shall either Wachovia or Counterparty be entitled to:
 - (A) set-off its payment obligations in respect of an Insured Transaction against the payment obligations of the other party (whether by counterclaim or otherwise) if such obligations are not Insured Transactions, or
 - (B) net the payment obligations of the other party that are not with respect to Insured Transactions against the payment obligations of such party under Insured Transactions,

it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other obligations. Notwithstanding Section 6(e) of the Master Agreement, the amount payable under Section 6(e) of the Master Agreement upon the termination of any Insured Transaction shall be determined without regard to any obligation other than those under the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by Swap Insurer.

- (x) Expenses. Counterparty agrees to reimburse Swap Insurer immediately and unconditionally upon demand for all reasonable expenses incurred by Swap Insurer in connection with the enforcement by Swap Insurer of Counterparty's obligations under the Master Agreement and any other documents executed in connection with the execution and delivery of the Master Agreement and this Confirmation, including, but not limited to, fees (including professional fees), costs and expenses that are incurred by Swap Insurer and are related to, or resulting from any breach by Counterparty of its obligations hereunder or under the Resolution authorizing this Agreement.
- (xi) <u>Transfers/Assignments</u>. Notwithstanding Section 7 of the Master Agreement, no Insured Transaction may be assigned or transferred by either Wachovia or Counterparty without the prior written consent of Swap Insurer. However Wachovia may make such an assignment to an affiliate of Wachovia without Swap Insurer's prior written consent, if Wachovia provides a guaranty of the Assignee's performance of this Agreement, as assigned, and an opinion of counsel to Wachovia relating thereto, each acceptable to Swap Insurer.
- (xii) Amendments/waivers. No amendment, modification, supplement or waiver of the Master Agreement or this Confirmation will be effective unless in writing and signed by each of the parties hereto and unless the parties hereto shall have obtained the prior written consent of the Insurer.
- (xiii) Notices. A copy of each notice or other communication between the parties with respect to the Master Agreement or this Confirmation must be forwarded to Swap Insurer.
- (xiv) <u>Reference Market-makers</u>. The definition of "Reference Market-makers" set forth in Section 12 of the Master Agreement shall be amended in its entirety to read as follows:

"Reference Market-makers" means four (4) leading dealers in the relevant swap market selected by the party

determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time of deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an office in the greater New York City metropolitan area. The rating classification assigned to any outstanding long-term senior debt securities issued by such dealers shall be at least (1) "Aa3" or higher as determined by Moody's Investors Service, Inc., (2) "AA-" or higher as determined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties, provided, however, that in any case, if Market Quotations cannot be determined by four (4) such dealers, the party making the determination of the Market Quotation may designate, with the consent of the other party and Swap Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

- (xv) Coordination with Related Bonds. Counterparty will comply with all provisions of the Resolution and of the document authorizing the issuance of the Related Bonds. The Notional Amount of each Insured Transaction must correspond to the outstanding principal amount of the Related Bonds. If the Related Bonds are (I) converted to a mode other than the mode in which they are on the date of execution of the Master Agreement or (II) redeemed (other than mandatory sinking fund redemptions), defeased or purchased by Counterparty in lieu of redemption, Counterparty must first (a) obtain the Swap Insurer's prior written consent to such action or (b) deliver to the Swap Insurer of an opinion of bond counsel to Counterparty to the effect that upon such conversion of mode, redemption, defeasance or purchase, as the case may be, the Swap Agreement will continue to be a legal, valid and binding full faith and credit obligation of Counterparty and Wachovia is entitled to the remedies for which provision is made in Section 8283 of Title 53 of the Pennsylvania Consolidated Statutes, as amended.
- (xvi) Revised Notional Amount Amortization. Wachovia agrees that if the Notional Amount of an Insured Transaction has changed, it will provide a new schedule incorporating such changes for attachment to the Swap Policy following approval by the Swap Insurer.
- (xvii) Insurer Payment Rate. The Counterparty shall reimburse Financial Security amounts paid under the Swap Policy and all costs of collection thereof and enforcement of the Swap Agreement at the Insurer Payment Rate. "Insurer Payment Rate" means the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment rate shall be computed on the basis of the actual number of days clapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Financial Security shall specify.
- (xviii) Notwithstanding anything to the contrary in the Master Agreement, the Swap Insurer shall not be the "Credit Support Provider" and the Swap Policy shall not be a "Credit Support Document."
- (xix) The term "Related Bonds" shall mean for purposes of this Confirmation, the Counterparty's General Obligation Bonds, Series 2002 dated February 26, 2002 (the "2002 CAB Bonds") and the general obligation refunding bonds or notes of the Counterparty issued to refund all or a portion of such 2002 CAB Bonds.
- (xx) The following should be added to Part 4(g) of the Schedule to the Master Agreement for purposes of the Transaction:
 - (iv) Notwithstanding subsections (i) and (ii) of this section 4(g), affirmative and negative covenants incorporated into the Master Agreement by reference shall not be enforceable by Party A to the extent Financial Security Assurance Inc. has the sole right to direct remedies with respect to such covenants or to direct or consent to actions taken, including without limitation the acceleration of indebtedness, pursuant to any such Financial Agreement.

Wachovia: DRAFT

	n
Additional	Provisions:

In connection with the execution of this Transaction, Counterparty hereby acknowledges that Wachovia has paid a legal fee of USD 10,000.00 to Stevens & Lee as swap counsel to Counterparty and a fee of USD 25,435.00 to Financial Solutions as swap financial advisor to the Counterparty.

Documentation

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between Wachovia and Counterparty dated as of April 15, 2003, as amended and supplemented from time to time (the "Master Agreement"). All provisions contained or incorporated by reference in the Master Agreement will govern this Confirmation except as expressly modified herein.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us at fax number (704) 383-9139.

Very truly yours, Wachovia Bank, N.A	۸.
Ву:	
Name:	
Title:	

Ref. No. DRAFT

Accepted and confirmed as of date first above written: City of Reading, PA

By:	
Name:	
Title:	

ATTACHMENT I Amortization Schedule for DRAFT

	Calculation		USD Notional Amount	USD Notional Reduction
(from a	nd including,	to but excluding)		(at end of period)
15 May 12	to	15 Nov 13	18,595,000.00	2,030,000.00
15 Nov 13	to	15 Dec 13	16,565,000.00	0.00
15 Dec 13	to	15 Jan 14	16,565,000.00	0.00
15 Jan 14	to	15 Feb 14	16,565,000.00	0.00
15 Feb 14	to	15 Mar 14	16,565,000.00	0.00
15 Mar 14	to	15 Apr 14	16,565,000.00	0.00
15 Apr 14	to	15 May 14	16,565,000.00	0.00
15 May 14	to	15 Jun 14	16,565,000.00	0.00
15 Jun 14	to	15 Jul 14	16,565,000.00	0.00
15 Jul 14	to	15 Aug 14	16,565,000.00	0.00
15 Aug 14	to	15 Sep 14	16,565,000.00	0.00
15 Sep 14	to	15 Oct 14	16,565,000.00	0.00
15 Oct 14	to	15 Nov 14	16,565,000.00	2,440,000.00
15 Nov 14	to	15 Dec 14	14,125,000.00	0.00
15 Dec 14	to	15 Jan 15	14,125,000.00	0.00
15 Jan 15	to	15 Feb 15	14,125,000.00	0.00
15 Feb 15	to	15 Mar 15	14,125,000.00	0.00
15 Mar 15	to	15 Apr 15	14,125,000.00	0.00
		15 May 15	14,125,000.00	0.00
15 Apr 15	to		14,125,000.00	0.00
15 May 15	to	15 Jun 15	14,125,000.00	0.00
15 Jun 15	to	15 Jul 15		0.00
15 Jul 15	to	15 Aug 15	14,125,000.00	0.00
15 Aug 15	to	15 Sep 15	14,125,000.00	0.00
15 Sep 15	to	15 Oct 15	14,125,000.00	2,605,000.00
15 Oct 15	to	15 Nov 15	14,125,000.00	0.00
15 Nov 15	to	15 Dec 15	11,520,000.00	0.00
15 Dec 15	to	15 Jan 16	11,520,000.00	0.00
15 Jan 16	to	15 Feb 16	11,520,000.00	0.00
15 Feb 16	to	15 Mar 16	11,520,000.00	
15 Mar 16	to	15 Apr 16	11,520,000.00	0.00
15 Apr 16	to	15 May 16	11,520,000.00	0.00
15 May 16	to	15 Jun 16	11,520,000.00	0.00
15 Jun 16	to	15 Jul 16	11,520,000.00	0.00
15 Jul 16	to	15 Aug 16	11,520,000.00	0.00
15 Aug 16	to	15 Sep 16	11,520,000.00	0.00
15 Sep 16	to	15 Oct 16	11,520,000.00	0.00
15 Oct 16	to	15 Nov 16	11,520,000.00	3,120,000.00
15 Nov 16	to	15 Dec 16	8,400,000.00	0.00
15 Dec 16	to	15 Jan 17	8,400,000.00	0.00
15 Jan 17	to	15 Feb 17	8,400,000.00	0.00
15 Feb 17	to	15 Mar 17	8,400,000.00	0.00
15 Mar 17	to	15 Apr 17	8,400,000.00	0.00
15 Apr 17	to	15 May 17	8,400,000.00	0.00
15 May 17	to	15 Jun 17	8,400,000.00	0.00
15 Jun 17	to	15 Jul 17	8,400,000.00	0.00

Wachovia: DRAFT

	Calculation	n Period	USD Notional Amount	USD Notional Reduction
(from and	d including,	, to but excluding)		
15 Jul 17	to	15 Aug 17	8,400,000.00	0.00
15 Aug 17	to	15 Sep 17	8,400,000.00	0.00
15 Sep 17	to	15 Oct 17	8,400,000.00	0.00
15 Oct 17	to	15 Nov 17	8,400,000.00	3,520,000.00
15 Nov 17	to	15 Dec 17	4,880,000.00	0.00
15 Dec 17	to	15 Jan 18	4,880,000.00	0.00
15 Jan 18	to	15 Feb 18	4,880,000.00	0.00
15 Feb 18	to	15 Mar 18	4,880,000.00	0.00
15 Mar 18	to	15 Apr 18	4,880,000.00	0.00
15 Apr 18	to	15 May 18	4,880,000.00	0.00
15 May 18	to	15 Jun 18	4,880,000.00	0.00
15 Jun 18	to	15 Jul 18	4,880,000.00	0.00
15 Jul 18	to	15 Aug 18	4,880,000.00	0.00
15 Aug 18	to	15 Sep 18	4,880,000.00	0.00
15 Sep 18	to	15 Oct 18	4,880,000.00	0.00
15 Oct 18	to	15 Nov 18	4,880,000.00	3,440,000.00
15 Nov 18	to	15 Dec 18	1,440,000.00	0.00
15 Dec 18	to	15 Jan 19	1,440,000.00	0.00
15 Jan 19	to	15 Feb 19	1,440,000.00	0.00
15 Feb 19	to	15 Mar 19	1,440,000.00	0.00
15 Mar 19	to	15 Apr 19	1,440,000.00	0.00
15 Apr 19	to	15 May 19	1,440,000.00	0.00
15 May 19	to	15 Jun 19	1,440,000.00	0.00
15 Jun 19	to	15 Jul 19	1,440,000.00	0.00
15 Jul 19	to	15 Aug 19	1,440,000.00	0.00
15 Aug 19	to	15 Sep 19	1,440,000.00	0.00
15 Sep 19	to	15 Oct 19	1,440,000.00	0.00
15 Oct 19	to	15 Nov 19	1,440,000.00	1,440,000.00

SCHEDULE I

MAXIMUM SCHEDULED PAYMENTS UNDER THE INTEREST RATE SWAP AGREEMENT

EXPECTED SCHEDULED PAYMENTS UNDER THE INTEREST RATE SWAP AGREEMENT

City of Reading, Pennsylvania

MAXIMUM PERIODIC NET PAYMENTS

1 1		(General O	beligation Bonds, Ser	(General Obligation Bonds, Series of 2002)			(Assu	(Assumes 0% 3M LIBOR Averages)	BOR Average	(53)		NET SWAP	NET SWAP PAYMENTS	
Principal Coupon Interest Maturity Amount Debt Services Rate (i) Raceipt Rate (i) Rate (i) <th></th> <th></th> <th></th> <th></th> <th></th> <th>ESTIMA</th> <th>TED FLOATING</th> <th>RECEIPT</th> <th>FI</th> <th>XED PAYME</th> <th>TAL</th> <th></th> <th>Net</th> <th></th>						ESTIMA	TED FLOATING	RECEIPT	FI	XED PAYME	TAL		Net	
2,000,000.00 5,159% 473,894 2,000,000.00 5,139% 2,030,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,605,000.0	1	Coupon	Interest	Maturity Amount	Annual Debt Service	Rate (1)	Receipt	Annual	Rate	Payment	Annual	Net Debt Service	Swap Payments (Annual)	Outstanding National
2_CDO_000_00 5.150% 2_030_000_00	/15/2012								Appropriate a	100 ct.)	*13 804	472 804		18 505 000
2,000,000,00 5,150% 2,030,000,00 2,030,000,00 2,030,000,00 2,030,000,00 2,040,000,00 2,040,000,00 2,440,000,00	1/15/2012					0.0000%	1		5.0970%	415,894	4/2,094	+60,074		D. 202.01
2,020,000.00 5,159% 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,040,000.00 2,440,000.00	/15/2013					0.0000%			5.0970%	473,894		473,894		300,090,000
2,440,000.00 5,300.00 2,440,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00 2,000.00				2.030.000.00	2,030,000.00	0,00000%	,		5.0970%	473,894	947,787	2,503,894	(947,787)	18,595,000
2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 35970% 422,159 2,605,000.00 3,450% 2,605,000.00 2,605,000.00 2,440,000.00 3,120,000.0						0,0000%			5.0970%	422,159		422,159		16,565,000
2,605,000.00 5,450% 2,605,000.00 2,605,000.00 2,605,000.00 2,605,000.00 2,605,000.00 2,605,000.00 3,120,000.00 2,605,000.00 3,120,000.00				2.440.000.00	2,440,000,00	0.0000%	,		5.0970%	422,159	844,318	2,862,159	(844,318)	16,565,000
2,605,000.00 5,450% 2,605,000.00 2,605,000.00 0.0000% 50970% 359,976 3,120,000.00 5,550% 3,120,000.00 3,120,000.00 0.0000% 50970% 293,387 3,520,000.00 5,550% 3,520,000.00 1,520,000.00 0.0000% 1,5070% 214,074 3,440,000.00 5,700% 3,440,000.00 3,440,000.00 3,440,000.00 1,440,000.00 1,440,000.00 1,440,000.00						0.0000%	,		\$.0970%	359,976		359,976		14,125,000
1,120,000,00 5,550% 3,120,000,00 3,120,000,00 0.0000% 5,597% 293,387 2,93,387 2,000,00 5,550% 3,520,000,00 3,520,000,00 3,520,000,00 3,520,000,00 0.0000% 5,00				2 605 000 00	2.605.000.00	0.0000%		1	5.0970%	359,976	719,951	2,964,976	(119,951)	14,125,00
3,120,000,00 5,550% 3,120,000,00 3,120,000,00 0,0000% 203,387 293,387 3,520,000,00 5,650% 3,520,000,00 3,520,000,00 3,520,000,00 2,520,000,00						0.0000%			5.0970%	293,587		293,587		11,520,000
3,520,000.00 5,650% 3,520,000.00 13,520,000.00 0.0000% 5,0070% 214,074 4,0070% 3,440,000.00 3,440,000.00 1,44				3 120 000 00	3.120.000.00	0.0000%	,	1	5.0970%	293,587	587,174	3,413,587	(587,174)	11,520,000
3,520,000.00 5.659% 3,520,000.00 1,520,000.00 0.0000% 214,074 4 0.0000% 3,440,000.00 3,440,000.00 3,440,000.00 1,440,000.00 2,755% 21,440,000.00 1,440,000.00 1,440,000.00 1,440,000.00 1,440,000.00 1,440,000.00 1,440,000.00 1,0000% 216,698						0.0000%			5.0970%	214,074		214,074		8,400,000
3,440,000.00 5.750% 3,440,000.00 3,440,000.00 3,440,000.00 5.750% 1,445,000.00 5.750% 1,440,000.00 1,440,000.00 1,0000% 5.0970% 1,445,000.00 5.750% 1,440,000.00 1,440,000.00 1,0000% 5.0970% 1,440,000.00 1,0000%	1			3.520.000.00	3.520.000.00	0.0000%	,	•	5.0970%	214,074	428,148	3,734,034	(428,148)	8,400,000
3,440,000.00 5,700% 3,440,000.00 3,440,000.00 0,0000% 5,0070% 1044,367 2 0,0000% 1,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 3,0070% 3,0070% 3,0070% 3,0070% 3,0070% 3,0070%						0.0000%			5.0970%	124,367		124,367		4,880,000
1,440,000.00 5,750% 1,440,000.00 1,440,000.00 0.0000% 5,0970% 36,698				3,440,000,00	3,440,000,00	0,0000%			5.0970%	124,367	248,734	3,564,367	(248,734)	4,880,000
1,440,000.00 5,750% 1,440,000.00 1,440,000.00 0.0000% 5,0970% 36,698						%000000			5.0970%	36,698		36,698		1,440,000
	١			1,440,000.00	1,440,000.00	0.0000%			\$.0970%	36,698	73,397	1,476,698	(73,397)	1,440,00
18,595,000 18,595,000 18,595,000 4,323,403	000,595,81			18,595,000	18,595,000			٠		4,323,403	4,323,403	22,918,403	(3,849,509)	

(I) Assumes a 0.00% 3-Month LIBOR Average

City of Reading, Pennsylvania

MAXIMUM PERIODIC NET RECEIPTS

Annual Annual Annual Annual Annual Annual Annual Annual Coupon Interest Maturity Anteunt Debt Service Rate (1) Receipt 1,924,583 1,924,593 1,9			(General O	DEBT SERVICE ibligation Bonds, Ser	General Obligation Bonds, Series of 2002)			(Assumes	(Assumes a 20% 3-Month LIBOR Average)	h LIBOR AV	crage)		NET SWAP	NET SWAP PAYMENTS	
Principal Coupon Interest Maturity Annount Debt Service Rue (1) Receipt Raceipt Rate Payment Payment Debt Service Rue (1) Receipt Raceipt Rate Payment Payment Debt Service Rue (1) Receipt Raceipt Rate Payment Payment Debt Service Rue (1) Receipt Raceipt Rate Payment Debt Service Rue (1) Receipt Rate Payment Payment Debt Service Rue (1) Receipt Rate Payment Payment Debt Service Rue (1) Receipt Rate Payment Payment Debt Service Rue (1) Rue							ESTIMA	TED FLOATING	RECEIPT	FIC	XED PAYME	INT		Net	
2,030,000.00 5.150% 5.0970% 473,894	rent Date	Principal	Сопрои	Interest	Maturity Amount	Annual Debt Service	Rate (1)	Receipt	Annual	Rafe	Payment	Annual Payment	Net Debt Service	Swap Payments (Annual)	Outstanding National
2,030,000.00 5.150% 2,034,533 3,849,165 5,0370% 473,834 (4,430,683) 2,934,833 3,849,165 5,0370% 473,834 947,787 5,79311 2 2,440,000.00 5,300,000 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,440,000,00 2,233,875 3,5976 719,951 1,47,682 2,5976 719,951 1,47,682 2,231,877 5,0970% 2,221,877 1,101,923 2,221,877 3,5976 719,951 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 1,47,682 2,221,877 2,221,	5/2012						70 7000%	1 924 583	1 924.583	5.0970%	473,894	473,894	(1,450,689)		18,595,000
2,030,000.00 5,130% 2,030,000.00 2,030,000.00 2,030,000.00 2,030,000.00 2,040,000.00	2102/51						20 7000%	1 924 583		5,0970%	473,894		(1,450,689)		18,595,000
4,000,000.00 5,300% 1,714,478 3,428,955 5,0970% 422,159 (1,292,318) (1,292,318) 2,440,000.00 5,300% 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,440,000.00 2,923,875 5,0970% 492,159 844,318 1,147,682 2,540,000.00 2,665,000.00 5,450,000.00 2,440,000.00 2,440,000.00 2,000,00 2,923,875 5,0970% 293,877 1,5931 1,500,003 2,221,267 1,192,320 2,384,640 5,0970% 2,937,74 2,221,267 1,192,320 1,192,320 2,384,640 5,0970% 2,937,87 887,174 2,221,267 1,192,320 1,192,320 2,384,640 5,0970% 2,937,87 887,174 2,221,267 1,192,000 2,000,000 20,7000% 869,400 1,738,800 5,0970% 2,144,074 4,221,467 4,0970 4,0970 4,0970 4,0970 4,0970 2,0970% 2,144,074 4,0970 2,0970 2,0970 2,0970 1,0970 1,0970 1,0970 1,0970	5/2013	00000000	6 1 5005		2 0720 000 000	2 030 000 00	20 TODO%	1 924 583	3.849.165	5,09709%	473,894	947,787	579,311	2,901,378	18,595,00
2,440,000.00 5,300% 2,440,000.00 20,700% 1,714,478 3,428,955 5,0970% 422,159 844,318 1,147,682 2 2,605,000.00 5,440,000.00 2,640,000.00 2,605,000.00 2,605,000.00 2,605,000.00 2,605,000.00 2,710,000.00 2,913,875 5,0970% 359,766 719,951 1,101,962) 2,710,000.00 3,120,000.00 3,120,000.00 3,120,000.00 2,0700% 1,132,320 2,384,640 5,0970% 293,587 581,174 2,21,667 1,100,003 3,120,000.00 3,120,000.00 3,520,000.00 3,520,000.00 20,7000% 1,738,800 5,0970% 293,587 581,174 2,21,667 1,100,033 3,440,000.00 3,520,000.00 3,520,000.00 3,520,000.00 20,7000% 1,738,800 5,0970% 214,004 428,148 2,84,674 1,004 3,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 3,440,000.00 20,7000% 1,004,00 5,0970% 124,367 248,734 1,123,43 1,134,58 1	50750	7,030,000,00	2.1.20.0		20.000000000000000000000000000000000000	200000000000000000000000000000000000000	20 7000%	1,714,478		5.0970%	422,159		(1,292,318)		16,565,000
2,665,000.00 5,450% 3,590,000 2,605,000.00	102/5	2 440 000 00	5 20065		2 440 000 00	2 440 000 00	20 7000%	1 714 478	3.428.955	5.0970%	422,159	844,318	1,147,682	2,584,637	16,565,000
2,605,000.00 5,450% 2,605,000.00 20,700% 1,461,938 2,923,875 5,0970% 355,976 719,951 15,00,038 2,5	510775	7,440,000,00	BURNET.		and the same of th		20.7000%	1,461,938		5.0970%	359,976		(1,101,962)		14,125,000
3,120,000.00 5.550% 3,120,000.00 3,120,000.00 20,7000% 1,192,320 2,384,640 5,0970% 293,587 587,174 2,221,267 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	51003	00 000 505 6	5,450%		2 605 000 00	2,605,000,00	20.7000%	1,461,938	2,923,875	5,0970%	359,976	719,951	1,503,038	2,203,924	14,125,0
3,120,000,00 5.550% 3,120,000,00 3,120,000,00 20,700% 1,192,320 2,384,640 5,0970% 293,587 587,174 2,221,267 1, 655,326 3,520,000,00 5,520,000,00 3,520,000,00 20,7000% 869,400 1,738,800 2,0970% 214,074 428,148 2,864,674 1, 2,86	CHOSE	2000,000,0	200		1	-	20 7000%	1,192,320		5.0970%	293,587		(898,733)	٠	11,520,000
3,520,000.00 5,650% 3,520,000.00 3,520,000.00 3,520,000.00 3,520,000.00 3,520,000.00 3,520,000.00 3,440,000.	3102/5	2 120 000 00	764555		1 120 000 00	3 120 000 00	20.7000%	1,192,320	2,384,640	5.0970%	293,587	587,174	2,221,267	1,797,466	11,520,000
3,520,000,00 5,650% 5,650% 3,520,000,00 3,520,000,00 20,7000% 869,400 1,738,800 5,0970% 124,677 428,148 2,854,674 1, 3,440,000,00 5,750% 1,440,000,00 1,440,000,00 20,7000% 19,040 20,000,00 1,440,000,	21076	2,120,000,00	2000		-		20.7000%	869,400		5.0970%	214,074		(655,326)		8,400,000
20.7000% 505,080 5,0970% 124,367 (380,713) 3,440,000.00 5,700% 1,440,000.00 1,440,000.00 20.7000% 195,080 1,010,160 5,0970% 124,367 248,734 3,092,287 1,2440,000.00 1,440,000.00 1,440,000.00 20.7000% 149,040 298,080 5,0970% 36,698 73,397 1,321,658 173,397 1,321,658 173,397 1,321,658 173,397 1,321,638 173,397 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,430 1,321,439 1,321,431 1,321,439 1,321,431,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1,321,439 1	1107/2	3 530 000 00	760595		3 520 000 00	3.520,000,00	20.7000%	869,400	1,738,800	5,0970%	214,074	428,148	2,864,674	1,310,652	8,400,0
3 3,440,000.00 5,700% 5,750% 3,440,000.00 3,440,000.00 20,7000% 505,080 1,010,160 5,0970% 124,367 2,48,734 3,059,287 20,7000% 149,040 200,000 0 5,750% 1,440,000.00 1,440,000.00 20,7000% 149,040 205,080 5,0970% 36,698 73,397 1,37,658 11,440,000.00 18,505,000 18,505,000 17,558,258 17,558,258 4,323,403 4,323,403 4,323,403 4,323,403 5,560,145 11,	91003	and the second					20.7000%	505,080		5.0970%	124,367		(380,713)		4,880,000
1,440,000.00 5,750% 1,440,000.00 1,440,000.00 20,700% 149,040 20,5080 5,0970% 36,688 73,397 1,327,658 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,327,688 1,32	5000	2 440 000 00	5,700%		3 440 000 00	3.440.000.00	20.7000%	505,080	1,010,160	5.0970%	124,367	248,734	3,059,287	761,426	4,880,000
1,440,000,00 5,750% 1,440,000,00 1,440,000,00 20,7300% 149,040 298,080 5,0970% 36,658 73,397 1,327,658	010200	20,000,000,000	20010		200000000000000000000000000000000000000		20.7000%	149,040		5.0970%	36,698		(112,342)	•	1,440,000
18.595.000 18.595.000 17.558.258 4.323.403 4.323.403 5,560,145	5/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	20.7000%	149,040	298,080	5.0970%	36,698	73,397	1,327,658	224,683	1,440,
		18 595 000			18,595,000	18,595,000		17,558,258	17,558,258		4,323,403	4,323,403	5,360,145	11,784,166	

(1) Assumes a 20.00% 3-Month LIBOR average - 103.50% of the 20.00% 3-Month LIBOR average (70.70%)

^{*} Actual percentage (%) of 3-Month LIBOR rate received by the City can only be determined at the actual time the awap is executed (103,50% is estimated based on current market conditions)

City of Reading, Pennsylvania

ESTIMATED PERIODIC SCHEDULED NET RECEIFTS (PAYMENTS)

		(General C	DEBT SERVICE Obligation Bonds, So	DEBT SERVICE (General Obligation Bonds, Series of 2002)			(Assume	2002 SWAPTION (Assumes 24-Year 3M LIBOR Averages)	LTBOR Aver	(अद्वेद्ध)		NETSWAP	NET SWAP PAYMENTS	
						ESTIMAT	ESTIMATED FLOATING RECEIPT	RECEIPT	E	FIXED PAYMENT	N		Net	
Payment Date	Principal	Coupon	Interest	Maturity Amount	Annual Debt Service	Rate (1)	Receipt	Amusi Receipt	Rafe	Payment	Annual	Net Debt Service	Swap Payments (Annual)	Outstanding
5/15/2012											100	100		10 500 00
1/15/2012						5.4315%	504,994	504,954	5.0970%	473,894	473,894	(31,100)		18,5%5,000
5/15/2013						5,4315%	504,994		5.0970%	473,894		(31,100)		18,595,000
1/15/2013	2,030,000,00	5,150%		2,030,000,00	2,030,000.00	5.4315%	504,994	1,009,987	\$,0970%	473,894	947,787	1,998,900	62,200	18,595,000
5/15/2014						5.4315%	449,864		5.0970%	422,159		(27,705)		16,565,000
1/15/2014	2,440,000,00	5300%		2,440,000.00	2,440,000.00	5.4315%	449,864	899,728	5.0970%	422,159	844,318	2,412,295	55,410	16,565,000
5/15/2015						5,4315%	383,600		5.0970%	359,976		(23,624)		14,125,000
1/15/2015	2,605,000,00	5.450%		2,605,000,00	2,605,000,00	5,4315%	383,600	767,199	5.0970%	359,976	719,951	2,581,376	47,248	14,125,000
5/15/2016						5.4315%	312,854		5,0970%	293,587		(19,267)	,	11,520,000
17/5/2016	3,120,000,00	\$ 550%		3,120,000,00	3,120,000,00	5,4315%	312,854	625,709	5.0970%	293,587	587,174	3,100,733	38,534	11,520,000
5/15/2017						5.4315%	228,123		5.0970%	214,074		(14,049)		8,400,000
1/15/2017	3.520,000,00	5,650%		3,520,000.00	3,520,000.00	5,4315%	228,123	456,246	5.0970%	214,074	428,148	3,505,951	28,098	8,400,000
5/15/2018						5,4315%	132,529		5.0970%	124,367		(8,162)	,	4,880,000
1/15/2018	3,440,000,00	5.700%		3,440,000.00	3,440,000.00	5.4315%	132,529	265,057	5.0970%	124,367	248,734	3,431,838	16,324	4,880,000
5/15/2019						5,4315%	39,107		5.0970%	369'98		(2,408)		1,440,000
1/15/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	5.4315%	39,107	78,214	5.0970%	36,698	13,397	1,437,592	4,817	1,440,000
	18,595,000			18,595,000	18,595,000		4,607,134	4,607,134		4,323,403	4,323,403	18,311,269	252,631	

(1) Assumes the 24-Year 3-Month LIBOR average (5.2478%) - 103.50% of the 24-year 3-Month LIBOR average (5.431.5%)

^{*} Actual personnage (%) of 3-Month LABOR rate received by the City can only be determined at the actual time the swap is executed (103,50% is estimated based on current market conditions)

SCHEDULE II

MAXIMUM AMOUNTS PAYABLE UNDER 2002 BONDS AND THE INTEREST RATE SWAP AGREEMENT

City of Reading, Pennsylvania

MAXIMUM PERIODIC NET PAYMENTS

Principal Coupon Interest Maturity Annual Rate (I) Receipt FixeD PAYMENT Annual Net Swap Payments 2/30/200 3.150% 2,030,000 </th <th></th> <th></th> <th>(General C</th> <th>DEBT SERVICE Obligation Bonds, Ser</th> <th>General Obligation Bonds, Series of 2002)</th> <th></th> <th></th> <th>(Assu</th> <th>2002 SWAPTION (Assumes 0% 3M LIBOR Averages)</th> <th>PTION BOR Averas</th> <th>(es)</th> <th></th> <th>NET SWAP</th> <th>NET SWAP PAYMENTS</th> <th></th>			(General C	DEBT SERVICE Obligation Bonds, Ser	General Obligation Bonds, Series of 2002)			(Assu	2002 SWAPTION (Assumes 0% 3M LIBOR Averages)	PTION BOR Averas	(es)		NET SWAP	NET SWAP PAYMENTS	
Principal Compon Interest Mainrite Amount Debt Service Rate (f) Receipt							ESTIMAT	ED FLOATING	RECEIPT	151	XED PAYME	INT		Net	
2,030,000,00 5,0970% 473,894	Payment Date		Coupon	Interest	Maturity Amount	Annual Debt Service	Rafe (1)	Receipt	Annual	Rate	Payment	Annual		Swap Payments (Annual)	Ontstanding
2,000,000,00 5,150% 473,894	5/15/2012														
2,CDD,000,00 5.150% 477.894 477.894 477.894 477.894 477.894 477.894 477.894 477.894 477.894 477.894 477.894 477.87 2,503.094 (947.787) 472.894 477.894 477.87 472.894 (947.787) 472.894 477.87 472.895 477.87 477.87 477.87 477.87 477.87 477.87 477.87 477.87 477.87 477.87	11/15/2012						%00000	,		5.0970%	473,894	473,894	473,894		18,595,000
2,010,000,00 3,150% 473,894 947,787 2,033,894 (947,787) 2,440,000,00 2,030,000,00 2,030,000,00 0,0000% 0,0000	\$1150013						0.0000%			5,0970%	473,894		473,894		18,595,000
2,440,000.00 5,309% 3,6970% 4,22,159 844,318 422,159 2,440,000.00 5,440,000.00 2,440,000.00 0,0000% 0,0000% 3,50970% 359,76 719,951 2,964,776 (719,951) 2,665,000.00 5,450,000.00 3,120,000.00 3,120,000.00 3,120,000.00 3,120,000.00 3,120,000.00 3,412,387 359,776 719,951 2,964,776 (719,951) 3,120,000.00 3,120,000.00 3,120,000.00 0,0000% 0,0000% 3,0970% 2,94,577 3,413,377 3,413,377 3,413,377 3,413,377 3,413,474 3,413,474 3,413,474 3,44,074 3,44,074 3,734,074 <td>11/15/2013</td> <td>2.030,000.00</td> <td></td> <td></td> <td>2,030,000,00</td> <td>2,030,000,00</td> <td>0.00009%</td> <td></td> <td></td> <td>5.0970%</td> <td>473,894</td> <td>947,787</td> <td>2,503,894</td> <td>(947,787)</td> <td>18,595,000</td>	11/15/2013	2.030,000.00			2,030,000,00	2,030,000,00	0.00009%			5.0970%	473,894	947,787	2,503,894	(947,787)	18,595,000
2,440,000.00 5,300% 2,440,000.00 2,440,000.00 0,0000% 0,00000% 0,00000% 0,00000% 0,0000	\$/15/2014						0.0000%			5,0970%	422,159		422,159		16,565,000
2,695,000.00 5,450% 2,605,000.00 2,605,000.00 0,0000% 5,0970% 359,976 719,951 359,976 (719,951) 3,120,000.00 5,550% 3,120,000.00 3,120,000.00 0,0000% <td< td=""><td>11/15/2014</td><td>2 440 000 00</td><td></td><td></td><td>2,440,000,00</td><td>2,440,000,00</td><td>9600000</td><td></td><td></td><td>5,0970%</td><td>422,159</td><td>844,318</td><td>2,862,159</td><td>(844,318)</td><td>16,565,000</td></td<>	11/15/2014	2 440 000 00			2,440,000,00	2,440,000,00	9600000			5,0970%	422,159	844,318	2,862,159	(844,318)	16,565,000
2,665,000.00 5,450% 2,665,000.00 2,605,000.00 0,0000% 2,605,000.00	5/15/2015	animalian to					0.0000%	,		5,0970%	359,976		359,976		14,125,000
3,120,000,00 5.550%, 3,120,000,00 3,120,000,00 0,0000%, 5,0970%, 293,587 587,174 3,413,877 (587,174) 3,520,000,00 5.550%, 3,520,000,00 0,0000%, 5,0970%, 214,074 428,148 3,734,074 (428,148) 3,440,000,00 5.750%, 3,440,000,00 0,0000%, 5,0970%, 214,074 428,148 3,734,074 (428,148) 1,440,000,00 5.750%, 1,440,000,00 0,0000%, 5,0970%, 36,698 36,698 36,698 18,595,000 18	11/15/2015	2 605 000 00			2.605.000.00	2,605,000,00	0,0000%		,	5.0970%	359,976	719,951	2,964,976	(156'61L)	14,125,000
3,120,000,00 5,550% 3,120,000,00 0,120,000,00 0,0000%	5/15/03/6						%00000			5.0970%	293,587		293,587		11,520,000
3,520,000.00 5,650% 3,220,000.00 1,520,000.00	11/15/0016	3 120 000 00			3 120 000 00	3,120,000,00	0.0000%	,	,	5,0970%	293,587	587,174	3,413,587	(587,174)	11,520,000
3,520,000.00 5,630% 3,734,004 0,000% 0,000% 124,507 214,074 428,148 3,734,074 (428,148) 3,440,000.00 5,750% 3,440,000.00 3,440,000.00 0,0000% 5,0070% 5,0070% 36,698 73,347 324,367 248,734 36,698 1,440,000.00 5,750% 1,440,000.00 0,0000% 0,0000% 5,0070% 36,698 73,397 1,476,698 (73,397) 18,595,000 18,395,000	2/10/2/1/5	-					0,0000%			5,0970%	214,074		214,074		8,400,000
3,440,000,00 5,750% 1,440,000,00 3,440,000,00 1,440,000,00 1,440,000,00 1,440,000,00 1,440,000,00 1,440,000,00 1,440,000,00 1,432,403 1,433,7 1,440,698 (73,397) 18,595,000 18,595,00	11/15/06/7	3 520 000 00			3.520.000.00	3.520.000.00	0,0000%		,	5.0970%	214,074	428,148	3,734,074	(428,148)	8,400,000
3,440,000.00 5.700% 3,440,000.00 3,440,000.00 0,0000% 5.0970% 124,367 248,734 3,564,367 (248,734) 3,564,36	\$1150018						0,00000%			5.0970%	124,367		124,367		4,880,000
1,440,000.00 5,750% 1,440,000.00 1,440,000.00 0,0000% 5,0970% 36,698 73,397 1,476,698 (73,397) 1,8,595,000 18,595,000 18,595,000 18,595,000 18,595,000	11/15/2018	3 440 000 00			3,440,000,00	3,440,000,00	0,0000%		1	5,0970%	124,367	248,734	3,564,367	(248,734)	4,880,000
1,440,000,00 5,750% 1,440,000 0 1,440,000,00 0,0000% 5,0970% 36,698 73,397 1,476,698 (73,397) 18,595,000 18,595,000 18,595,000 18,595,000 18,595,000	6100/51/5						%000000	,		5,0970%	36,698		36,698		1,440,000
18,595,000 18,595,000 - 4,323,403 4,323,403 22,918,403	11/15/2019	1,440,000.00			1,440,000.00	1,440,000.00	%000000	,		5.0970%	36,698	73,397	1,476,698	(73,397)	1,440,000
		18 595 000			18,595,000	18,595,000				-	4,323,403	4,323,403	22,918,403	(3,849,509)	
											-	-			

(I) Assumes a 0.60% 3-Month LIBOR Average